



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G04-56
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>CONTRACTORS BONDING AND</b>	)	AND ORDER ADOPTING REPORT
<b>INSURANCE COMPANY</b>	)	OF
		FINANCIAL EXAMINATION
A Domestic Insurer. _____		

**BACKGROUND**

An examination of the financial condition of **CONTRACTORS BONDING AND INSURANCE COMPANY** (the Company) as of December 31, 2002, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Company for its comments on May 26, 2004. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

**FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 2 through 15 of the report.

CONTRACTORS BONDING AND INSURANCE COMPANY

Order Adopting Examination Report

June 21, 2004

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255  
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501



## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **CONTRACTORS BONDING AND INSURANCE COMPANY** and to order the Company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

## ORDER

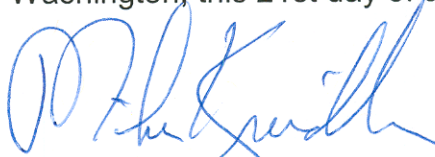
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 2-3.

1. The Company is ordered to comply with RCW 48.05.250, RCW 48.05.073, WAC 284-07-050(2) and the NAIC Annual Statement Instructions by separating premium receivables into two categories: A) premiums in the course of collection, which refers to billed and uncollected premiums and B) premiums booked and not yet due. Instruction 1, Examination Report, page 3.
2. The Company is ordered to adequately declare any conflict of interest that might exist between the officers and the Company pursuant to RCW 48.07.030 and RCW 48.05.370. Instruction 2, Examination Report, page 3.
3. The Company is ordered to consider updating its Business Contingency Plan to address the continuation of all significant business activities, including financial functions, telecommunication services and data processing services, in the event of a disruption of normal business activities, as required by NAIC Guidelines. Comments and Recommendations 1, Examination Report, page 3.
4. The Company is ordered to consider following its Bylaws or amending them according to current practices in regards to its declaration and approval of dividends to its shareholders. Comments and Recommendations 2, Examination Report, page 3.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 21st day of June, 2004.



MIKE KREIDLER  
Insurance Commissioner

-----Original Message-----

**From:** Kirk Eland [mailto:KirkE@cbic.com]

**Sent:** Wednesday, June 02, 2004 10:20 AM

**To:** Tim Navaja

**Cc:** Bob Ogle

**Subject:** Draft of examination report

Tim,

We received the draft of the Examination Report and have just a few comments:

1. Under officers, Anne Klut should be Anne Kurt.
2. Under Reinsurance,
  - a. Excess Loss -- Property should be: \$1,800,000 in excess of \$200,000, \$4,500,000 per occurrence limit
  - b. Excess Loss -- Casualty should be: \$800,000 in excess of \$200,000, \$4,500,000 per occurrence limit
  - c. I'm not sure why you have two lines for auto fac property at the bottom of the list.

Otherwise, the report looks great. Thanks.

Kirk